

Employees' Perceptions of Perceived External CSR towards Perceived External Prestige

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Abstract:

Organizational behavior researchers are currently very interested in employee perception. An organization's activities may have an impact on employee perception. People desire to be treated decently by nature. Every person has the intrinsic ability to treat others with respect. Even if a person observes that another person is not being treated fairly, they may interpret this as a personal attack on themselves. Therefore, according to the OB research, employees may react to unfair treatment not only for themselves but also for stakeholders outside the firm, such as the community, environment, and consumers. Employees begin to feel prestigious and form a favourable attitude toward the company if they perceive it to be acting ethically toward external stakeholders. Thus, this study aimed to find out the relationship between perceived external corporate social responsibility and perceived external prestige. The data were collected from 6 commercial banks of Nepal. There were 381 respondents. The results show that there is significant correlation between external corporate social responsibility and external prestige of companies.

Keywords: Employees' Perception, External CSR, External Prestige

Introduction

Researchers studying organizational behavior (OB) are now particularly interested in employee perception. The literature demonstrates that an organization's actions may have an impact on employee perception (Youn & Kim, 2022). By nature, people want to be treated fairly. Every person naturally wants to be treated with respect. Even if a person sees that another person is not being treated fairly, they may still feel unfairly treated themselves. Accordingly, the OB research states that employees may not only respond negatively to unfair treatment directed at them but also toward external stakeholders including the community, environment, and customers. If employees perceive that their company behaves ethically toward external stakeholders, they begin to feel distinguished and have a positive attitude toward the company (Vizcaino, Martin, Cardenas, & Cardenas, 2021).

Corporate social responsibility (CSR) is defined as "actions that appear to serve some public good, beyond the interests of the firm and that which is mandated by law" (Youn & Kim, 2022, p. 1). Various corporations have started to recognize the strategic importance of CSR to the sustainability of their business operations because consumers are willing to reward businesses viewed as socially responsible and penalize those deemed to be socially irresponsible. As a result, over the past two decades, CSR has received a lot of scholarly attention, and a lot of empirical research has examined how CSR efforts affect external stakeholders, particularly customers.

Theoretically, employees can participate in external CSR activities as well as receive inside CSR initiatives. Employees' perceptions of the two types of CSR are therefore likely to take various forms and have differing influences on their attitudes and behaviors. Social responsibility programs geared at the local community, the environment, and customers are included in external CSR (Farooq, Rupp, & Farooq, 2017). Community CSR includes working with non-governmental groups, investing in local development, and giving to charities that support humanitarian issues. Examples of CSR with regard to the environment include investments in environmental protection, such as pollution reduction, environmental initiatives, and behaviors that prioritize sustainable development for future generations. Offering high-quality products or services, fulfilling customer service commitments, and defending consumers' rights outside of the law are all components of consumer-focused CSR (Jia, Yan, Liu, & Huang, 2019).

Perceived external prestige is what staff members think to be the general public perception of the business, its standing in the industry, and its prestige (Bhattarai, 2016). Previous studies have uncovered evidence that employees' behavior is greatly influenced by perceptions of a company's image. They discovered, more specifically, that employees used perceptions of company image to gauge how outsiders perceive them personally, depending on their organizational membership (Dutton, Dukerich, & Harquail, 1994). Being a part of a successful and well-respected organization fosters the growth of self-awareness, self-distinctiveness, and self-esteem in individuals (Carmeli, Gilat, & Waldman, 2007). Employees voluntarily associate with businesses they believe are highly regarded by outsiders (Carmeli, Gilat, & Waldman, 2007).

Employees exhibit some favorable behaviors, such as intra-organizational cooperation and good civic behavior, if they believe that outsiders have a positive opinion of the company (Dutton, Dukerich, & Harquail, 1994). On the other side, employees who feel that the company is viewed negatively may become disengaged from both their jobs and the company as a whole, which could lead to high stress levels or even melancholy (Riordan, Gatewood, & Bill, 1997). Image has both internal and external repercussions, and organizational identity should be seen as a link between the organization's internal environment and its external position in the marketplace. In a sense, image serves as the foundation for how external stakeholders create their perceptions of the organization as well as how internal stakeholders determine their own identities (Kamasak & Bulutlar, 2008).

Internal and external communication, as indicated in the literature, can be a potent managerial strategy in shaping employees' corporate identity. Receiving proper information about roles of individuals, their individual contributions, and organizational accomplishments through internal communication may have positive effects. PEP can be made better, especially through increasing corporate visibility and reputation among external stakeholders, as well as by improving external communication (Smith, Organ., & Near, 1983) (Kamasak & Bulutlar, 2008).

Employees actively participate in the exchange of data in today's globally interconnected environment, receiving and transmitting information more quickly, and doing so through a variety of established and emerging channels. All stakeholders, internal and external, are now empowered, connected, and expecting to be heard thanks to social media (Dodd, 2015). Knowing more about the organization helps them develop their own potential and their understanding of others (Daniela, 2013). All workers must sincerely believe in and support company principles and be prepared and willing to act upon them in light of the fact that more employees today have direct consumer contact. There is essentially no longer a distinction between the internal and external environments, there is considerably more connection between them, and there is no longer a clear line separating internal operations from external relations (Waldeck, Durante, Helmuth, & Marcia, 2012). Communication is greatly impacted by these modifications as well as a closer connection between personal and professional lives.

Similarly, there is relationship between perceived external corporate social responsibility and perceived external prestige of organization. Thus, this study explores it.

Objectives

The main objectives of the present study are as follows:

- i) To explore bank employees' perception of external CSR for environment towards organizational prestige.
- ii) To explore bank employees' perception of external CSR for community towards organizational prestige.
- iii) To explore bank employees' perception of external CSR for consumer towards organizational prestige.

Based on the above-mentioned objectives, the following hypotheses.

H1 : There is positive relationship between external CSR for environment and organizational prestige.

H2 : There is positive relationship between external CSR for community and organizational prestige.

H3 : There is positive relationship between external CSR for consumer and organizational prestige.

Methods and Materials

A quantitative research design was used for this investigation. In social science, quantitative research is thought to be a more academic and suitable method (Richard, 2009). Because of their ability to make accurate predictions and their appeal for theory construction and evaluation in a number of contexts, quantitative techniques are widely used (Bhattarai, 2016). The external CSR was measured through Turker's (2009) instrument scale. When an employee believes what others think about the company, they are said to be "perceived external," and as a result, they see themselves as being a part of that company. Eight items (such as "people in my neighborhood think favorably of my employer") that were borrowed from Mael and Ashforth (1992) were used to measure perceived external prestige.

Validity and reliability are two variables that should be considered while designing a study, interpreting the data, and judging the study's quality. The trustworthiness of the primary data is confirmed by the use of the SPSS program to calculate the Cronbach's Alfa (.89).

The data were collected from 6 different commercial banks. The following table explores it in detail.

Table 1: Name of Banks

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	CIVIL	94	24.7	24.7	24.7
	RBBL	123	32.3	32.3	57.0
	SANIMA	64	16.8	16.8	73.8
	NMB	34	8.9	8.9	82.7
	GBIME	28	7.3	7.3	90.0
	SBL	38	10.0	10.0	100.0
	Total	381	100.0	100.0	

The following table shows other demographic information.

Table 2 Other Demographic Information

		Count	%
Gender	Male	228	59.8%
	Female	153	40.2%
Marital Status	Married	305	80.1%
	Unmarried	76	19.9%
Age	Less than 20 years	1	0.3%
	21 to 25 years	36	9.4%
	26-30 years	22	5.8%
	31 to 35 years	195	51.2%
	36-40 years	91	23.9%
	Above 40 years	36	9.4%
Years of service	Below 5 years	109	28.6%
	5 to 10 years	142	37.3%
	10 to 15 years	102	26.8%
	15 to 20 years	25	6.6%
	Over 20 years	3	0.8%
Education	12	3	0.8%
	Bachelor	134	35.2%
	Master's	244	64.0%

All the collected data were entered into SPSS 20 and analyzed. To explore relationship between the variables, correlation was tested.

Results and Discussion

Employees' opinions of how well a company manages its relationships with external stakeholders, namely the community, environment, and consumers, matters a great value of the organization. On the other hand, perceived external prestige is what staff members think to be the general public perception of the business, its standing in the industry, and its prestige. In this section, these things are explored.

Table 3: Correlation between External CSR for Environment and Perceived External Prestige

Correlations			
		PEP	PECSR_Environment
PEP	Pearson Correlation	1	.515**
	Sig. (2-tailed)		.001

	N	40	40
PECSR_Environment	Pearson Correlation	.515**	1
	Sig. (2-tailed)	.001	
	N	40	381
**. Correlation is significant at the 0.01 level (2-tailed).			

Table 3 shows that there is strong significant correlation between perceived external corporate social responsibility for environment of companies and perceived external prestige of the companies. Thus, hypothesis one is accepted.

Table 4: Correlation between External CSR for Community and Perceived External Prestige

Correlations			
		PEP	PECSR_Community
PEP	Pearson Correlation	1	.568**
	Sig. (2-tailed)		.000
	N	40	40
PECSR_Community	Pearson Correlation	.568**	1
	Sig. (2-tailed)	.000	
	N	40	381
**. Correlation is significant at the 0.01 level (2-tailed).			

Table 4 shows the correlation between external corporate social responsibility for community and perceived external prestige of the companies. This result shows that there is significant correlation between external CSR for community and perceived external prestige of companies. Thus, hypothesis two is accepted.

Table 5: Correlation between External CSR for Consumer and Perceived External Prestige

Correlations			
		PEP	PECSR_Consumer
PEP	Pearson Correlation	1	.498**
	Sig. (2-tailed)		.001
	N	40	40
PECSR_Consumer	Pearson Correlation	.498**	1
	Sig. (2-tailed)	.001	
	N	40	381
**. Correlation is significant at the 0.01 level (2-tailed).			

Table 5 shows the correlation between external corporate social responsibility for consumer and perceived external prestige of the companies. This result shows that there is significant correlation between external CSR for consumer and perceived external prestige of companies. Thus, hypothesis three is accepted.

Conclusion and Limitation

A review of the literature revealed that CSR is an important factor in influencing organizational behavior among employees. This article examined the connection between perceived external prestige and external CSR for environment, community and consumer respectively. This study explores that there is significant correlation between external CSR and external prestige of the companies. The companies have to increase CSR activities for their sustainability.

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